

SEC13

Message

From: Ted Livingston [ted@kik.com]
Sent: 2/1/2017 8:59:52 AM
To: Kik Board [board@kik.com]; Wojtas, Nancy [nwojtas@cooley.com]
Subject: Fwd: Wolverine: Process update

Also, from CS

----- Forwarded message -----

From: Wong, Chun H. <chunhei.wong@credit-suisse.com>
Date: Wed, Feb 1, 2017 at 10:03 AM
Subject: Wolverine: Process update
To: "ted@kik.com" <ted@kik.com>, Peter Heinke <peter@kik.com>
Cc: "Jordan, Tobias" <tobias.jordan@credit-suisse.com>, "Katz, Gary" <gary.katz@credit-suisse.com>, "Fry, Kyle" <kyle.fry@credit-suisse.com>, "Hung, Tzu-San" <tzu-san.hung@credit-suisse.com>, "Khan, Daniyal H." <daniyal.khan@credit-suisse.com>

Ted and Peter,

Please find attached Wolverine process update materials. Thank you very much.

Kind regards,

CH

Chun Hei Wong

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e: ted@kik.com

k: ted



Project Wolverine

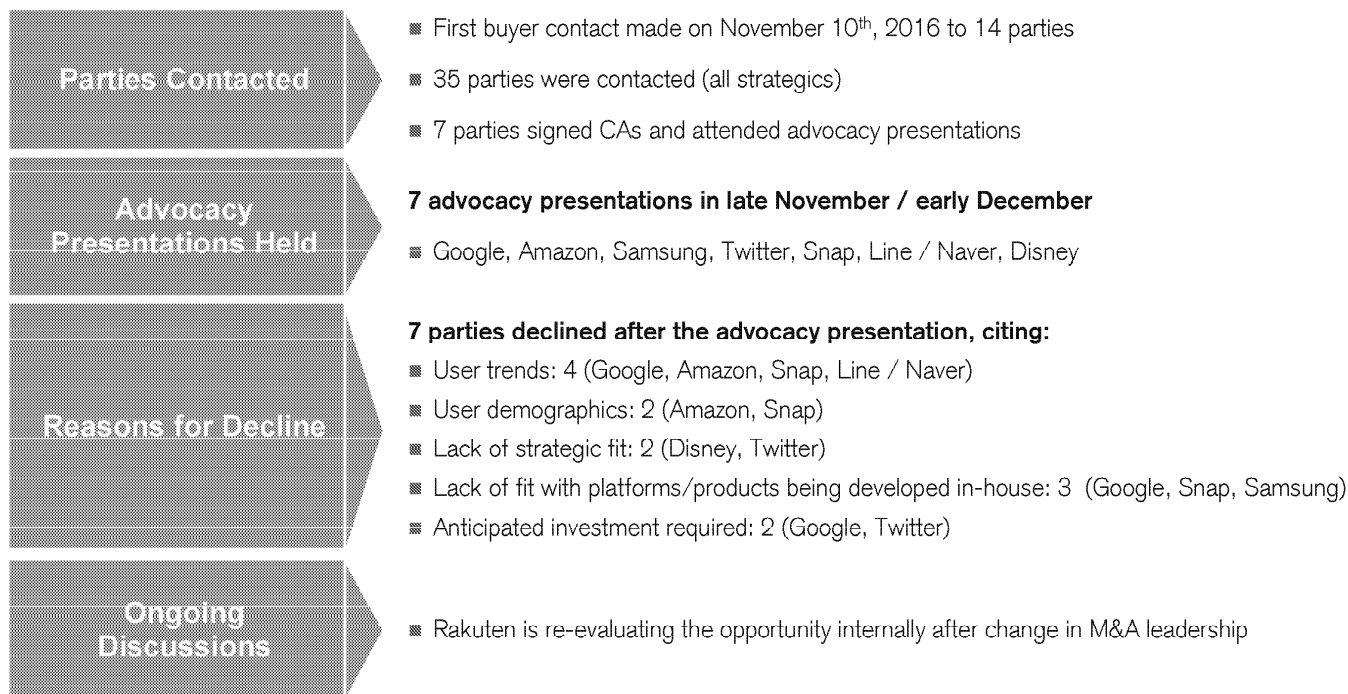
Process update

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February 1, 2017

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Process summary to date



Process Summary








	Initial Contact	CA & Teasers Sent	Advocacy Presentation	Declined Opportunity	Bids Received
Strategics	35	35	7	7	0

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Final feedback following advocacy meetings

	Decision communicated	Ultimate reason(s) for not submitting an indication
	■ 1/12	<ul style="list-style-type: none"> ■ Meaningful headcount they would take on with ~100 employees ■ Concerns regarding user trends ■ Anticipated cost to acquire Kik – they would probably look at it more like a talent deal ■ They launched two new products with Allo and Duo and still have some “hangover” from hangouts; adding another one would be challenging to integrate and potentially confusing for the users ■ They acquired api.ai last fall that provides bot technology – while less complete/comprehensive than Kik, it gives them a foundation plus Google Assistant
	■ 1/17	<ul style="list-style-type: none"> ■ Anonymity and age (youth) of userbase ■ Concerns about ability to turn around user trends ■ Despite Kik’s leadership in advancing the thinking around bots, Amazon considers bot technology still to be in its early development stage
	■ 12/22	<ul style="list-style-type: none"> ■ An acquisition does not fit with Disney’s current strategic priorities
	■ 12/29	<ul style="list-style-type: none"> ■ Bot platform does not fit strongly with how they view chat for them – they want users to engage with their real friends ■ Teen demographic is not attractive at this point – they are trying to diversify away from teenagers ■ User growth and engagement concerns given current trends
	■ 1/15	<ul style="list-style-type: none"> ■ Concerns over declining MAUs and deterioration of DAU/MAU ratio
	■ 1/3	<ul style="list-style-type: none"> ■ This is not an area that Twitter is currently prioritizing or leaning into at this level of investment
	■ 1/4	<ul style="list-style-type: none"> ■ Have no messaging platform today, but want one ■ Looking for an asset that has unique technology for monetization and user traction/big user base <ul style="list-style-type: none"> – Kik is not large enough for them as a platform; if they already had a large messaging asset, it would be more interesting – Didn't feel that there was a unique technology for monetization ■ Neutral on demographic; more worried about scale than MAU trend

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